

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 1997

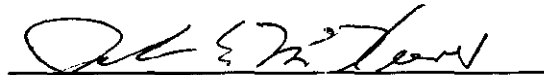
DOCKET NO. R97-1

**ANSWERS OF UNITED PARCEL SERVICE
TO INTERROGATORIES OF
THE PARCEL SHIPPERS ASSOCIATION
(PSA/UPS-1 through 3 and 6)**

(February 11, 1998)

Pursuant to the Commission's Special Rules of Practice, United Parcel Service ("UPS") hereby serves and files the responses of UPS to interrogatories PSA/UPS-1 through 3 and 6 of The Parcel Shippers Association. UPS has previously objected to interrogatories PSA/UPS-4 and PSA/UPS-5.

Respectfully submitted,



John E. McKeever
Attorney for United Parcel Service

PIPER & MARBURY
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
215-656-3310

and

1200 Nineteenth Street, N.W.
Washington, D.C. 20036-2430
(202) 861-3900

Of Counsel.

**ANSWER OF UNITED PARCEL SERVICE
TO INTERROGATORY OF
THE PARCEL SHIPPERS ASSOCIATION**

PSA/UPS-1. In its Intervenor's Statement filed January 8, 1998, UPS identified the following package services that it provides to customers: service, air, and international services, and states that it competes with the Postal Service in:

- (a) International express mail;
- (b) Other international services;
- (c) Domestic express mail;
- (d) Priority mail;
- (e) Parcel post; and
- (f) *Other package services provided by the Postal Service.*

Please provide for the latest period for which this information is available, the numbers of parcels that UPS transported for customers broken down by the identifiable categories above; and furthermore please subdivide the parcel post type packages which are delivered by ground shipment on a non-expedited basis between commercial and residential delivery.

Response to PSA/UPS-1. UPS does not know how many parcels sent by UPS's various services would have been sent by each of the postal services identified in the interrogatory and, as a result, UPS is unable to provide the information requested in *this interrogatory.*

**ANSWER OF UNITED PARCEL SERVICE
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PSA/UPS-2. On page 3 of its Intervenor's Statement, UPS states that in 1994 it paid the Postal Service in excess of \$38.9 million for its mailings, primarily in First Class Mail and Standard (A) mail. Please provide the total number of parcels and the dollar value of the postage on such parcels that were shipped as Standard (A) mail which met the Postal Service definition of non-letter, non-flat mail. Also, please identify what portion, in volume and revenue, of the parcels shipped in Standard (A) were parcels that had been deposited with United Parcel Service by UPS customers for delivery.

Response to PSA/UPS-2. UPS does not compile postage cost on the basis of class or shape. It is UPS's policy not to deposit with the Postal Service any parcels given to UPS for delivery.

**ANSWER OF UNITED PARCEL SERVICE
TO INTERROGATORY OF
THE UNITED STATES POSTAL SERVICE**

PSA/UPS-3. On page 3 of its Intervenor's Statement UPS states that it faces greater financial risks than does the Postal Service. Please state for the record whether the Postal Service's proposed parcel post rates in this proceeding will have an adverse financial impact on United Parcel Service. If the answer is in the affirmative, please supply specifically the extent of the impact, including the number of packages it anticipates it will lose because of the proposed rates and the revenues represented by that lost volume.

Response to PSA/UPS-3. Any postal rates that are below attributable costs plus a fair share of institutional costs are contrary to the Postal Reorganization Act and therefore would be likely to attract volume and revenue that would not otherwise be attracted to the Postal Service if the statute were followed. The testimony of the witnesses sponsored by UPS in this proceeding indicate that the proposed Parcel Post rates are contrary to the Postal Reorganization Act. Consequently, UPS anticipates that, if the Postal Service's proposed Parcel Post rates were approved, it will lose volume and revenue as a result of those rates. However, UPS does not have any estimates of (1) the number of packages it will lose because of the proposed Parcel Post rates or (2) the revenues represented by that lost volume.

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THE UNITED STATES POSTAL SERVICE**

PSA/UPS-4. On page 4 of its Intervenor's Statement UPS notes that it has a maximum weight and size limit on packages of 150 pounds and 130 inches in length and girth combined, and that the Postal Service limitations are correspondingly 70 pounds and 108 inches in length and girth combined. Please provide an estimate of the number of parcels handled by United Parcel Service, in the most recent period for which such data are available, that were in excess of 70 pounds and also how many were in excess of 108 inches in length and girth combined.

Response to PSA/UPS-4. Objection filed.

**ANSWER OF UNITED PARCEL SERVICE
TO INTERROGATORY OF
THE UNITED STATES POSTAL SERVICE**

PSA/UPS-5. In Attachments A and B of the Intervenor's Statement, UPS lists for the last five years its revenues, its costs, and its annual volumes. For this five year period, please identify the volumes, the revenue, the costs attributable to and the net income realized from its domestic, non-expedited transportation of parcels exceeding one pound, and those under one pound. If you are unable to disaggregate under and over one pound parcels, you may combine them in your response.

Response to PSA/UPS-5. Objection filed.

**ANSWER OF UNITED PARCEL SERVICE
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THE UNITED STATES POSTAL SERVICE**

PSA/UPS-6. So that it is possible to compare parcel post rates with the rates charged by UPS for comparable ground transportation service, please supply the following:

- (a) UPS' published tariff for non-expedited ground transportation of parcels;
- (b) The gross percentage of the parcels described above that are carried at so-called "contract rates" that are lower than the applicable rates in the published tariff;
- (c) The average discount from published tariff rates for those parcels identified in (b) above;
- (d) The gross percentage of the parcels described above that are carried at rates higher than the applicable rates in the published tariff; and
- (e) The average surcharge above published tariff rates for those parcels identified in (d) above.

Response to PSA/UPS-6. (a) See UPS-LR-6.

(b)-(e) Objection filed.

DECLARATION

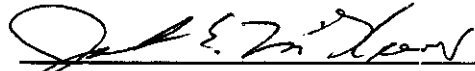
I, Linda Shepherd, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.


Linda Shepherd

Dated: February 10, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.



John E. McKeever

Dated: February 11, 1998
Philadelphia, PA